The Future of Work and Financial Wellness for Millennial Employees

Executive Summary

Attracting and retaining top talent is critical for employers. Given the rapid pace at which emerging technologies are transforming the workplace, with Millennials now the largest generation in the U.S. labor force, it is imperative that employers create an appealing work environment to attract and retain this increasingly important pool of talent. And while attracting top talent is key, so is developing those workers and giving them the resources they need to flourish.

To that end, Prudential commissioned Kantar Futures to conduct research aimed at understanding more deeply Millennials’ views about developments that may take place within the next 30 to 40 years in the areas of work and career, health and wellness, personal finance, and technology. Here are some of the findings:

1. **Millennials are adapting to a new world of work and career driven by emerging technologies.**
   
   **Tips for Employers – Skills retraining programs:**
   
   - Provide training classes in software, robotics, and artificial intelligence to ensure Millennials keep up with the latest technologies shaping the future workplace.
   - Offer tuition assistance/reimbursement programs for continuing education courses.
   - Consider linking educational offerings more closely with employment outcomes by expanding apprenticeships, work-study programs, rotation programs, stretch assignments, and internships.

2. **Millennials predict a rise in gig/freelancing work and a more pragmatic attitude toward work.**
   
   **Tips for Employers – New employment models:**
   
   - Consider offering independent contractor workers—gig workers—the same holistic financial wellness programs provided to traditional employees, as well as voluntary benefits not covered by the Employee Retirement Income Security Act (ERISA).
   - To attract full-time talent, make it easier for workers to balance work and life responsibilities by offering flexible work schedules and sabbaticals.
3. Millennials are looking for a holistic approach to health and financial wellness.

**Tips for Employers – Holistic financial wellness programs:**
- Consider a holistic approach to improving employees’ financial wellness by offering workplace financial wellness programs that complement traditional benefit offerings with education, tools, advice, and solutions that focus on foundational financial issues, such as managing day-to-day finances, achieving important financial goals, and protecting against key financial risks.
- Implement a program with education and guidance components that can be delivered through multiple channels and formats, such as a classroom setting, one-on-one counseling, and web-based tools.

4. Millennials are concerned they will face ever-rising educational expenses.

**Tips for Employers – Education planning/student loan repayment options:**
- Provide college planning resources and facilitate education savings by offering payroll deduction savings vehicles, such as 529 plans for college funding, and planning tools for various education goals.
- Consider offering student loan repayment and loan consolidation programs as an employee benefit.

5. Millennials are nervous about the fate of employee benefits provided through work.

**Tips for Employers – Robust employee benefits:**
- Make benefit programs more front-and-center in recruiting efforts, and communicate a continued commitment to providing valuable workplace benefits to employees.
- Give employees more control over their benefits packages, allowing them to customize coverage to suit their situations by offering more voluntary benefits (e.g., accident, disability, critical illness insurance, etc.).

6. Millennials envision a long road ahead to retirement, with little light at the end of the tunnel.

**Tips for Employers – Retirement planning tools and resources:**
- Consider adopting 401(k) retirement plan features (e.g., matching contributions, automatic enrollment, automatic escalation, etc.) that encourage employees to save for retirement while optimizing employer contribution dollars.
- Encourage employees to track their savings progress in terms of an income goal, rather than a savings goal, while targeting a realistic retirement age.
- Provide education on how much income will be needed in retirement to cover expenses, and on identifying potential sources of income (e.g., Social Security, savings, retirement plans, and annuities).
7. Millennials are nervous about rising healthcare costs, expecting to live long lives due to medical advancements.

**Tips for Employers – Health savings accounts:**

- Help employees save for future healthcare expenses by offering health savings accounts (HSAs), which allow account owners to make tax-deductible contributions, earn tax-free interest, and make tax-free withdrawals for qualified medical expenses.
- Offer education on how to prioritize savings, and how to make decisions about appropriate investment choices for HSAs.

8. Millennials aim to bring technology into all facets of their lives.

**Tips for Employers – New digital technologies to increase engagement:**

- Leverage the emergence of new technologies, and Millennials’ preference for connected solutions, to provide digital financial wellness tools and programs that employees can conveniently access 24/7, such as digital financial wellness education, assessments, and online budgeting tools.
- Use data analytics tools to diagnose how plan designs are driving employee behaviors and impacting economic outcomes, identify any overlaps or gaps in coverage and interdependencies among various benefit offerings, and ensure that customized benefit plan designs are aligned with the employer's objectives and are as cost-effective as possible.

Employers should structure their benefit offerings to help employees succeed in their future workplace and achieve financial wellness. Given Millennials broad range of concerns—about their future career and work prospects, rising education and healthcare costs, availability of employee benefits, and ability to retire comfortably—they will appreciate financial wellness programs and employee benefit offerings that promote financial stability in a complex and uncertain future world. Ultimately, employee benefits are likely to be an important differentiator for Millennials choosing where they want to work.

To view the full paper and more tips for employers, please visit research.prudential.com